ORA DATA REQUEST
ORA-SDGE-028-TCR
SDG&E 2019 GRC – A.17-10-007
SDG&E RESPONSE
DATE RECEIVED: NOVEMBER 22, 2017
DATE RESPONDED: NOVEMBER XX, 2017

Exhibit Reference: SDG&E-14 and SDG&E-24
SDG&E Witness: Alan F. Colton and Christopher R. Olmsted
Subject: Accounting and Project Management
Please provide the following:

1. Provide the following for each system SDG&E uses to collect data for accounting, asset management, and project management use:
    a. SDG&E's name for the system,

    b. Vendor name, or indicate if developed by SDG&E or Sempra,

    c. Product name and version number,

    d. Date system was placed in service,

    e. If any upgrades or replacements are requested in the current rate case.

SDG&E Response 1:

SDG&E objects to this request under Commission Rule 10.1 as it is overly broad, and to the extent it seeks information that is unduly burdensome to produce and neither relevant to the subject matter involved in the pending proceeding nor reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving this objection, SDG&E responds as follows:

SDG&E uses many different data systems in the broad categories of accounting, asset management, and project management, and not all of these systems were used by SDG&E to generate information used in its GRC, and specifically in its electric distribution capital testimony. Below is a list of the responsive information that is representative of the major accounting, asset management and project management applications that SDG&E uses with respect to its electric distribution projects.

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SDG&E Response 1 Continued:

SDG&E Name	Vendor Name	Product Name / Version	In Service Date	Upgrades / Replacements Planned incl. in GRC
SAP Suite on HANA (aka ECC)	SAP	Suite on Hana (ECC 6.0, EP8) (Hana 1.00.122)	Aug 2017 (1)	None
Business Warehouse	SAP	BW on Hana v7.4	Oct 2015 (1)	None
DPSS - Distribution Planning and Support System	Custom – in house developed	N/A	1989	None
BSE – Budgeting / Scheduling / Estimating	Custom – in house developed	N/A	1996	Replaced as part of TSPI project

Upgrades to these systems occur as incremental upgrades at various times throughout the life of the application, as well as major system upgrades dependent on the production from the vendor and business needs.

SDG&E uses its General Rate Case Integrated Database (GRID) application to generate General Rate Case forecasts and workpapers. It is not considered an accounting, asset management or project management application.

It should be understood that many of the data systems at SDG&E used for accounting, asset management and project management are enterprise-wide, not portable, reside on network servers, consist of many modules and require other applications in order to run. Similarly, many other applications used at SDG&E for accounting, asset management and project management require an underlying database management system (dbms), and perhaps a reporting application and user-interface application as well. Desktop applications such as Microsoft Word and Excel, while used throughout the organization for general purpose communications and modeling, are often not the primary applications used for accounting, asset management or project management.

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2. List each code SDG&E uses for accounting, asset management, and project management use and provide the following:

a. SDG&E's name for the code, e.g. budget code,

b. The name of the organization(s) that assign codes to specific expenditures, work, projects, or assets,

c. The use of the code, e.g. accounting, project management, etc.,

d. For accounting codes, indicate if the codes is used for expenses, capital expenditures, or both,

e. Is there logic to how codes are assigned such that a knowledgeable SDG&E employee can understand the nature of the type of expenditure, work, project, or asset based solely on the code for a given expenditure, activity task, or asset?

f. If the answer to subpart e above is anything other than an unqualified "no," please provide an explanation including tables, documents, standards, procedures, or any other documents that are required to allow ORA to interpret these codes.

SDG&E Response 2:

SDG&E objects to this request under Commission Rule 10.1 as it is overly broad, and to the extent it seeks information that is unduly burdensome to produce and neither relevant to the subject matter involved in the pending proceeding nor reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving this objection, SDG&E responds as follows:

There are many hundreds, and possibly thousands of codes used in SDG&E's various accounting, asset management and project management systems. Although some of the systems, for example SAP, are also used by other firms, the coding that is used is often user-generated and localized. This localized coding is often a mix of standardized formatting and legacy formatting. For example, in Electric Distribution capital budget coding, three-digit numeric coded budgets (e.g. 230) are normally 'blanket' budgets, a collection of many small like-kind projects in which the budget continues year-after-year, the forecast normally being derived from historic spend or based on estimated unit costs multiplied by the expected quantity of forecasted items. Other budgets (sometimes called 'specific' budgets) that address a single asset are often 5 digits (e.g.,

SDG&E Response 2 Continued:

16269) in which the first two digits specify the year the budget was initiated, the remaining three digits are simply a sequential number. In the GRC application, capital budgets also contain a prefix, often as zeros (‘0’ or ‘00’) to pack the label to 5 spaces for database purposes and to force appearance order in sorting. There may also be a suffix in order to permit grouping or segregation of budget components, such as for RAMP and non-RAMP components. Thus the ‘230’ budget will appear as ‘Budget Code 00230.0’, and in workpapers as ‘Workpaper Group 002300’ and may have subcomponents such as ‘002300.001’. The various budget codes and their descriptions applicable to this General Rate Case application are found in the workpapers of each witness.

In addition to internal codes for accounting, SDG&E utilizes the FERC Uniform Chart of Accounts.

If ORA requires a description of codes found in workpapers that are not self-described, please provide a list of those codes and their locations in workpapers, to which SDG&E will provide a description.

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3. Please explain direct vs. indirect expenditures with regard to T&D and Information Technology (IT) projects. If SDG&E has an existing flow chart that illustrates the general process, please provide it.

SDG&E Response 3:

The difference between direct costs and indirect costs is that only direct costs can be connected to a specific project. Examples of direct charges include internal labor and purchased materials that are associated with a specific project and are charged directly to an appropriate budget code. Examples of indirect charges include work performed in a supervisory and/or support capacity that is charged to an overhead pool.

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4. Please explain how direct vs. indirect expenditures for T&D and IT projects are tracked in SDG&E's accounting system.

SDG&E Response 4:

Depending on the size of the project, the costs could be tracked at an individual order level, aggregated at a higher work order level, or at an even higher budget code level. Alternatively, a project could be tracked in a cost center. The nature of the project would determine if both Direct and Indirect costs are tracked for the project. This applies to all projects, not just T&D and IT. For the GRC capital request, all costs are aggregated at the budget code level.

SDG&E uses the 'SAP' accounting system to track expenditures. Below are descriptions of 'modules' of that system used in transaction processing.

SAP Modules	
FI	External Reporting Ledger (SEC basis)
CO	Internal Cost Management Module
Other Definitions	
Cost Object	Can be a Cost Center or Internal Order. Used to collect dollars for a particular function or activity.
Partner Object	The cost object that either sends or receives costs with a primary object when transferring costs from one object to the another or to a G/L account or a Capital Asset
Order	Internal Order, used primarily for tracking costs on projects, both for O&M and Capital
Cost Center	When used as Primary object, used for tracking departmental costs for O&M.
Cost Element	Account for tracking expenses, that must have both a Cost Center and Internal Order associated with all postings
G/L or FI Account	General Ledger Account that is not passed to the CO module
Direct/Indirect	
Direct	All original postings to CO objects
Indirect	All subsequent movements from one cost object to another and from an object when going to an FI account or Capital asset

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5. Provide an example of a completed T&D project that illustrates direct and indirect expenditures, and how they combine to obtain the total recorded cost for a project.

SDG&E Response 5:

SDG&E interprets question 5 to be asking for an example of a project that shows the complete cycle in the RO model. We have selected as an example project 162690-Jamacha New Bank & New 12kV Circuit to illustrate the flow of direct and indirect expenditures and how they combine to obtain the total project cost.

Please refer to the accompanying Power Point file "ORA-SDGE-028-TCR-DR 028 Q5.ppt" provided with this response to DR ORA-SDG&E-028-TCR.

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6. Are indirect expenditures that same as overhead expenditures? If not, please explain.

SDG&E Response 6:

Indirect expenditures include overheads and all other movements of costs that are not direct costs. Please see response to Question 4.

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7. List all types of overhead or indirect expenditures, including the associated budget code (or other applicable code per the response to Question 2 above) and description of work included in the budget code, that apply to T&D and IT projects

SDG&E Response 7:

Below is the current list of all overheads used by SDG&E. Please note that this list includes overheads that apply to both capital and O&M projects, and that it reflects several overhead pools that may not apply to IT capital projects.

Pool
Vacation & Sick
Payroll Tax
Pension & Benefits
Workers Compensation
Public Liability/Property Damage
ICP
Union Contracts
Local Engineering-GD
Local Engineering·- GT
Local Engineering- ET
Local Engineering - Substation
Local Engineering-ED
DOH-ED
DOH-GD
Purchasing
Warehousing
Small Tools
Exempt Materials
Contract Administration
Shop Orders
PSEP Insurance
Capital A&G
Third Party A&G
Damage Claims A&G
Affiliate Billing A&G
Gov't Turnkey A&G
Supplemental Labor Loader
Fixed Cost Loader

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8. Explain the process whereby recorded expenditures, i.e., for internal labor, contract labor, materials, etc., are attributed or assigned to the budget codes used in the GRC.

SDG&E Response 8:

For each project, one or more work orders are created to record all capital expenditures, including internal labor, contract labor and materials. The budget code for each project is mapped to all associated work orders, thereby capturing total recorded costs for the project. Recorded expenditures presented in the GRC were pulled from the SAP accounting system by the assigned budget codes, with "Non-GRC" costs excluded from the request. These include costs recovered through customer billables, FERC regulatory mechanism or other regulatory proceedings.

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9. Please describe the systems used to record and attribute work performed by planners and engineers as part of an overhead pool (e.g., budget code 901 and 904) to specific job orders, takes numbers, project numbers, budget codes, or any other codes used by SDG&E to track, manage, and account for work performed.

SDG&E Response 9:
SDG&E uses an internal timekeeping system to record and attribute work performed by planners and engineers to track, manage and account for work performed. See question 13 for a screenshot of the system.

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10.Referring to SDG&E-14 workpaper page 388, define the meaning and use of "IO#s".

SDG&E Response 10:

IOs are Internal Orders that describe individual jobs within a controlling area. These Internal Orders support action-oriented planning, monitoring and allocation of costs.

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11. Referring to SDG&E-14 workpaper page 388, it appears the "IO#s" all begin with "7074" which is followed by a sequential thee digit number. Please define the following using SDG&E terminology, and explain the how they are used:

    a. The base number, 7074,

    b. The suffix, e.g. 306,

SDG&E Response 11:

As described in our response to question 10 above, Internal Orders are used to describe individual jobs within a controlling area and to support action-oriented planning, monitoring and allocation of costs. These orders are created within the SAP accounting system.

The "base number" of 7074 has no significance and therefore there is no "suffix" for the order number. All orders created in SAP have a defined number range that they can fall into based on the order type. As orders are created, the next available number in the defined number range is used. The orders being referred to in this question are classified as S170 order type, which is defined as SDGE Overhead Clearing Order.

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12. Various types of SDG&E staff perform work that is assigned to budget codes 901 and 904. Provide a list of all job titles whose work is attributed to these budget codes.

SDG&E Response 12:

Below are the job titles that primarily charge to Local Engineering – Electric Distribution Pool and Local Engineering – Substation Pool. There are instances where several staff members are included within a given job title.

Electric Distribution Engineering
Electric Distribution Engineering Manger
Team Lead
Engineer I
Principal Engineer
Engineer II
Senior Quality Assurance (QA) Engineer
Engineer I-H
Senior Engineer
Associate Engineer
Team Leader
Technical Advisor
Construction Standards Administrator
Senior Construction Standard Administrator
Construction Standards Team Leader
Electric Distribution Advisor
Project Manager-II
Business Analytics Advisor
Engineering Analyst – I

SDG&E Response 12 Continued:

Substation Engineering & Design
Substation Engineering & Design Manager
Substation Business Analyst
Senior Engineer
Substation Design Team Lead
Electric Transmission & Distribution Engineering (ET&DE) Capital Program Manager
Project Manager -III
Principal Engineering
Associate Engineer
Team Lead
Substation Designer
Team Leader – IV
Senior Project Coordinator
Senior Substation Designer
Associate Substation Designer

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13. Regarding the SDG&E staff referenced in Question 12 above and listed in SDG&E's response, do the subject SDG&E personnel submit time sheets? If not, please explain how their work time is tracked. If so:

    a. What minimum increment of time is tracked, e.g. hour, 10 minutes, other?

    b. Is time attributed to specific projects? If so, describe the code used in the time sheet, and how this is mapped to project management and accounting codes used for projects.

    c. Is time attributed to "blanket" budget codes? If so, describe the blanket codes used in the time sheet, and how this is mapped to project management and accounting codes used for projects.

    d. Is time attributed to non-work related activities such as vacation and sick time? If so, describe the activity codes used in the time sheet, and how this is mapped to project management and accounting codes.

    e. Is time attributed to work related activities such as training? If so, describe the activity codes used in the time sheet, and how this is mapped to accounting codes.

    f. Is time attributed to any types of codes not listed in the subparts above? If so, describe the codes used in the time sheet, and how this is mapped to accounting codes.

    g. Provide a screen print of a completed timesheet(s) for a distribution engineer for one pay period that illustrates the time keeping topics discussed in the subparts above.

SDG&E Response 13:

Yes, all staff referenced in Question 12 above submit time sheets in electronic form.

a. The timekeeping system can record time to 0.01 hours, or 0.6 minutes.
b. The time worked is either attributed to a specific project or is charged to one of the overhead pools via an internal order.
c. Blanket projects also have an assigned budget code and internal orders are treated the same as described in part b above.
d. The time sheet form is pre-populated with drop down choices for non-work related activities such as vacation and sick time. These also have internal order numbers to identify the corresponding charges.

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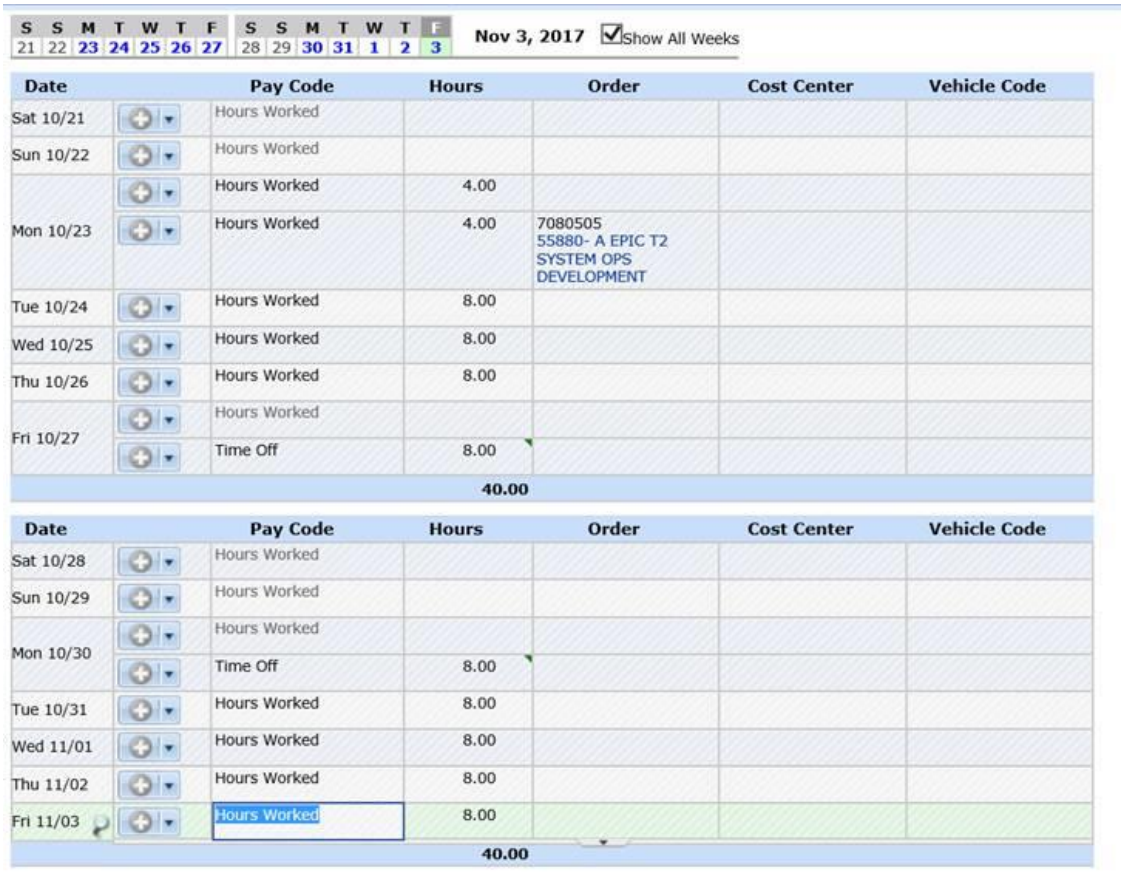
SDG&E Response 13 Continued:

e. There is an internal order used to identify training-related activities that is attributed to either a specific project or an overhead.

f. There are no other types of codes not listed in the subparts above that time is attributed to.

g. See below for a screen print of a completed timesheet(s) for a distribution engineer for one pay period that illustrates the time keeping topics discussed in the subparts above. Note the specific internal order is selected from a drop-down menu under the Order column.



S S M T W T F	S S M T W T F	Nov 3, 2017	Show All Weeks
21 22 23 24 25 26 27	28 29 30 31 1 2 3		

Date	Pay Code	Hours	Order	Cost Center	Vehicle Code
Sat 10/21	Hours Worked				
Sun 10/22	Hours Worked				
Mon 10/23	Hours Worked	4.00			
	Hours Worked	4.00	7080505 55880- A EPIC T2 SYSTEM OPS DEVELOPMENT		
Tue 10/24	Hours Worked	8.00			
Wed 10/25	Hours Worked	8.00			
Thu 10/26	Hours Worked	8.00			
Fri 10/27	Hours Worked				
	Time Off	8.00			
		40.00			

Date	Pay Code	Hours	Order	Cost Center	Vehicle Code
Sat 10/28	Hours Worked				
Sun 10/29	Hours Worked				
Mon 10/30	Hours Worked				
	Time Off	8.00			
Tue 10/31	Hours Worked	8.00			
Wed 11/01	Hours Worked	8.00			
Thu 11/02	Hours Worked	8.00			
Fri 11/03	Hours Worked	8.00			
		40.00			

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14. Provide an Excel table that shows the following for SDG&E's direct testimony from its TY2012, TY2016, and TY2019 requests:

    a. The name of each category of T&D, including Smart Grid and IT related to T&D, capital expenditures used in the GRC, e.g. mandated, new business, reliability,

    b. Exhibit numbers for the direct testimony,

    c. A complete list of all budget codes included in each category,

    d. Total dollar request for each category in the test year.

SDG&E Response 14:

SDG&E has provided the testimony and Work Papers for TY2012, TY2016 and TY2019 please refer to the table below for detailed locations.

2012 GRC
Please refer to exhibit SDG&E-06, page ABM-201 through ABM-204 for information requested in part a-d.

2016 GRC
Please refer to exhibit SDG&E-09, page JDJ-26 for information requested in part a, b and d. The complete list of all budget codes requested in part c can be found in the testimony appendix on pages JDJ-A-1 through JDJ-A-4.

2019 GRC
Please refer to exhibit SDG&E-14, page AFC-16 for information requested in part a, b and d. The complete list of all budget codes requested in part c can be found in the testimony appendix on pages AFC-B-1 through AFC-B-6.

Data from these files for 2012 and 2016 in tabular format has been provided to ORA during the course of those proceedings. Data for the 2019 proceeding has been provided to Clayton Tang on Dec. 1 in the file 'MDR General Requirements Item 17 SDGE 5-Yr Hist w Fcst.xlsx'.

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15. Does SDG&E perform projects that include both FERC and CPUC jurisdictional expenditures? If so, please explain the following:

    a. Does SDG&E track total project expenditures, including both FERC and CPUC jurisdictional? If not, please explain how SDG&E tracks these expenditures.

    b. Provide the guidelines SDG&E uses to classify expenditures as FERC or CPUC jurisdictional,

    c. When in the project management process are expenditures classified as FERC or CPUC jurisdictional?

    d. When in the accounting process are expenditures classified as FERC or CPUC jurisdictional?

SDG&E Response 15:

Yes, SDG&E does perform work on projects that include both FERC and CPUC jurisdictional expenditures. For example, a 'reconductor' project for an electric transmission line may also frequently contain a distribution voltage 'underbuild' (a distribution circuit sharing the pole with a transmission circuit) which is reconductored at the same time. Electric Transmission projects are often subject to scheduling constraints by the California Independent System Operator, or CAISO, thus constraining when that work may be performed.

a. Yes, SDG&E tracks total project expenditures by both FERC and CPUC jurisdictions.
b. SDG&E uses the Code of Federal Regulations (CFR) guideline to classify expenditures as FERC or CPUC jurisdictional.
c. Each project is classified as FERC or CPUC jurisdictional based on the CFR guidelines at the inception of the project.
d. See responses to 13b and 13c above.

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16. SDG&E incurs costs to provide service to customers including costs for direct labor, contract services, materials, tools, capital assets, overhead, and others. Is it correct that all costs are classified as either capital expenditures or expenses? If not, please explain. For costs that are classified as capital expenditure vs. expense, when does this classification occur for the following:

    a. Forecasting for GRCs or other regulatory filings,

    b. Project management,

    c. Project and program budgeting,

    d. Cost estimating,

    e. Budget authorization,

    f. Accounting for actual costs incurred.

SDG&E Response 16:

SDG&E objects to this request under Commission Rule 10.1 to the extent that it is overly broad, vague, and not reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving this objection, SDG&E responds as follows:

Yes, all costs are classified as either capital expenditures or expenses (O&M) at the inception of the project. These categorizations are re-evaluated during the various stages of the project lifecycle including the items outlined above in sections a through f. During project construction there may be "billable" costs (costs reimbursed by third parties), "refundable" costs (costs that are reimbursed through mechanisms defined by other proceedings, which is where FERC related costs can be tracked), and "clearing" costs (costs that are to be later distributed amongst the other costs types). Ultimately, all these costs wind up as either O&M expenses or capital plant costs.

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17. Please list and describe the use of all code types SDG&E uses to plan for, authorize, track, and record performance metrics for programs, projects, and tasks within projects. For each code type, indicate if it is used in project management, regulatory compliance, any other end uses, or any combination of these end uses.

SDG&E Response 17:

SDG&E objects to this request under Commission Rule 10.1 as it is overly broad, and to the extent it seeks information that is unduly burdensome to produce and neither relevant to the subject matter involved in the pending proceeding nor reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving this objection, SDG&E responds as follows:

This question is similar to Question 2. There are many hundreds, and possibly thousands of codes used in SDG&E's various programs used to plan, authorize, track and record performance metrics for programs, projects, and tasks within projects. Note also that, for IT capital projects, several capital projects can be tracked under one budget code. If ORA requires a description of codes found in workpapers that are not self-described, please provide a list of those codes and their locations in workpapers, to which SDG&E will provide a description.